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relative to present rents, and accordingly are discounted at a lower rate of interest. Great as have been the services of our author in stimulating to clearer and deeper thinking in economic theory, his presentation of a *Capitalstheorie* evidently is not destined to be a finality. Some development it is sure to undergo, and is undergoing. And that development clearly lies along the lines of a value concept, as opposed to a cost-of-production concept of capital.

FRANK A. FETTER.

CORNELL UNIVERSITY.

Il Capitalismo e la scienza. By DR. ACHILLE LORIA. Turin, Bocca, 1901.—265 pp.

The author of this work admits that his peculiar system of economic theory will never gain a perfectly secure position in the world of science until all competing theories shall have been eliminated. To this work of destruction the present volume is devoted. Whatever may be said of Loria's fairness as a critic, his impartiality in the choice of subjects for his criticism can hardly be called in question. Böhm-Bawerk and Clark, Marx and Henry George are alike subjected to a detailed examination and are alike found guilty of unlimited absurdities and contradictions. As any one familiar with Loria's writings would expect, the fundamental weakness he finds in each is the failure to recognize that the appropriation of land must be the central point in any form of capitalistic economy.

It is, perhaps, worth while to give in some detail Loria's criticism of Professor Clark's *Distribution of Wealth*, as it is one of the best examples of Loria's methods of work. Accepting the premise common to Thünen and Clark,¹ that increments of capital successively applied become less and less productive, Loria agrees that, if free land exists, the laborer will get the surplus income connected with the earlier and more productive units of capital. But when all land is occupied, what means has the laborer of compelling the capitalist to give up the surplus product? None, Loria replies. Accordingly, the capitalist pays the laborer just what he pleases.

The second criticism is that the conception of the diminishing productivity of labor, employed by Professor Clark in his discussion of

¹ Loria incorrectly assumes that Professor Clark borrowed the idea from Thünen. Clark's theory had taken definite shape long before American scholarship became acquainted with Thünen.

interest, is contrary to reality in a capitalistic society. In a society in which land is free, since the capitalist is compelled to apply his capital with his own labor, he may consent to employ additional laborers who produce decreasing returns. Not so in a capitalistic society, however, for as soon as labor declines in productivity in his own enterprise he lends his superfluous capital.

In the third place, the capitalist could not afford to pay marginal laborers their entire product without a distinct loss to himself — the interest on the advances which he makes in the payment of the additional labor. Clark depends, Loria thinks, upon altruism to influence the capitalist to make so bad a bargain. Granting that wages correspond to final productivity, it is wages that fix final productivity, not productivity that fixes wages. For does not the rate of wages decide how far it will pay to employ labor? The idea of a stationary fund of capital with a changing supply of labor is absurd. The proportions in which labor and capital may be profitably combined are fixed by immutable physical laws. Any such variation in one factor would mean a positive loss. Finally, the product of a marginal unit of labor is not the product of pure labor, since without capital labor would produce nothing.

Such criticisms as these are sufficient to convince the reader that, of the critics who have undertaken to dispose of the *Distribution of Wealth* without understanding it, Loria displays the highest originality. The greater part of the volume, however, is constructive; and the reader will hardly find that part either as clear or as logical as the analysis of Professor Clark's work outlined above. As to the value of the theory expounded, the author says :

The vast and various complex of facts and of doctrines that spontaneously group themselves about my central theory and are logically deduced from it, in my opinion, demonstrates in unimpeachable manner the fundamental truth of the system to which the impartial study of phenomena has led me.

ALVIN S. JOHNSON.

BRYN MAWR COLLEGE.

Bankpolitik. Von DR. WILLIAM SCHARLING. Jena, Gustav Fischer, 1900. — xii, 371 pp.

This book is based upon lectures delivered to the students of the University of Copenhagen. Its purpose is to furnish, not only to students, but also to practical men who have no special economic training, a correct understanding of the nature of banking and of